

HOUSE BILL REPORT

HB 3160

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to allowing unemployment benefits to workers in a labor dispute.

Brief Description: Allowing unemployment benefits to workers in a labor dispute.

Sponsors: Representatives Conway, Ruderman, Simpson, G., Chase and Santos.

Brief History:

Committee Activity:

Commerce & Labor: 2/3/04, 2/5/04 [DP].

Brief Summary of Bill

- Removes the disqualification from unemployment benefits in a multi-employer bargaining unit labor dispute when the dispute arose from negotiations in which the employer's last offer before the start of the strike or lockout would have resulted in a substantial deterioration of working conditions.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Hudgins, Kenney and McCoy.

Minority Report: Do not pass. Signed by 4 members: Representatives McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse and Holmquist.

Staff: Chris Cordes (786-7103).

Background:

An individual who is on strike is disqualified from receiving unemployment benefits. A labor dispute does not disqualify a locked out individual, however, unless the lockout is by an employer who is a member of a multi-employer bargaining unit and the lockout occurs after one employer member of the unit has been struck by its employees as a result of the multi-employer bargaining process.

Summary of Bill:

Beginning with weeks of unemployment that begin on or after the first Sunday after the bill's effective date, the disqualification from unemployment benefits for a striking or locked out individual does not apply when the labor dispute:

- is with an employer who is a member of a multi-employer bargaining unit; and
- arose from contract negotiations in which the employer's last offer before the start of the strike or lockout would, if implemented, result in a substantial deterioration of the individual's working conditions.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: There is a tremendous risk to the contracts covering grocery store workers because three major grocers have a pact to reduce worker health care benefits. This pact is under federal criminal investigation. The California grocery labor dispute shows what could happen in Washington. These workers may see a 50 percent reduction in affordable health care. These are mostly part-time workers who have agreed over the years to defer wages in order to get a very good health benefits package. They and their families are very dependent on these fringe benefits. One proposal on the table is to require a two-year period of work, instead of 90 days, before family members would be covered for health care. Workers who are locked out want to work and the lockout can be devastating to them and their families. The history of the unemployment statute is closely related to the Lockheed labor dispute in the late 1980s. This bill makes a needed correction to the statute, to cover a situation in which the dispute is caused by the employer who proposes contract terms that amount to a substantial deterioration of working conditions. The issue is whether the race to the bottom will be allowed and health care benefits will be eviscerated. Under this bill, employers would have to pay for the unemployment that they cause. When locked out workers do not get unemployment benefits, the whole community suffers economically.

Testimony Against: Employers are trying in good faith to negotiate settlements in very difficult times. This industry is highly competitive and highly unionized. Over the last two years, health care costs have increased over 80 percent. Pension costs, tax increases, and litigation expenses also add to the problem. With all of these costs out of control, the industry cannot stay competitive. The industry needs the Legislature's help in dealing with these cost drivers. But this bill singles out the best employers for penalties, which is not fair. The unemployment insurance system was not meant to subsidize one side in a labor dispute; it is not the right mechanism to deal with the problem. The current law was a negotiated agreement that whichever side uses an economic weapon first will lose on the unemployment benefits question. This bill would change that balance. Multi-employer bargaining units are consensual. No one is required to participate. A strike against one employer is a strike against all of the employers in these units. In a strike situation, the employees have chosen to leave work and, therefore, are not voluntarily unemployed as required for benefits under the

unemployment insurance law. The concept of "substantial deterioration" in working conditions is too vague. It is not clear what kinds of contract proposals would fall within this standard.

Persons Testifying: (In support) Mike Williams, Sharon McCann, and Joe Daniels, United Food and Commercial Workers; and Robby Stern, Washington State Labor Council.

(Opposed) Clif Finch, Washington Food Industry; Kris Tefft, Association of Washington Business; and Rick Slunaker, Associated General Contractors of Washington.

Persons Signed In To Testify But Not Testifying: None.